McBride plc ("McBride", the "Company" or the "Group")

Further margin progress in line with strategy; Prepare phase on track

7 September 2017

McBride plc, the leading European manufacturer and supplier of Co-manufactured and Private Label products for the Household and Personal Care market, announces its results for the year ended 30 June 2017.

£m unless otherwise stated	2017	2016	Reported % Change	Constant Currency % Change[1]
Revenue	**705.2**	680.9	3.6%	(5.9%)
Adjusted operating profit [2]	**41.5**	36.2	14.6%	0.2%
Adjusted operating margin [2]	**5.9%**	5.3%	0.6ppts	0.4ppts
Operating profit	**39.8**	32.9	21.0%	
Operating margin	**5.6%**	4.8%	0.8ppts	
Adjusted profit before taxation	**34.6**	29.4	17.7%	0.6%
Profit before taxation	**19.2**	25.8	(25.6%)	(37.6%)
Diluted earnings per share	**4.9p**	9.3p	(47.3%)	
Adjusted diluted earnings per share [3]	**13.1p**	11.1p	18.0%	
Payment to shareholders (per ordinary share)	**4.3p**	3.6p	19.4%	
Cash flow from operations (before exceptional items)	**63.3**	52.5		
Net debt	**75.7**	90.9		
Return on capital employed [4]	**27.7%**	23.4%		

- Repair phase of our strategy complete, business now executing Prepare phase
- Group re-financing completed successfully in June 2017, the last key Repair action
- Growth strategy and associated asset plans completed
- Capital expenditure accelerating, completion of a number of key projects as planned
- Continued progress in business turnaround in PCA Asia; conditions for PCA Europe remain challenging
- Aerosols business; sale negotiations terminated, activities to be retained in wider PCA organisation
- Proposed acquisition of Danlind a/s, Danish producer of auto dish-wash and laundry products, recently announced

- Operating profit up 21.0%, underlying adjusted operating profit, at constant currency, up 8.5%
- Further progress on key financial metrics, in line with strategy
  - adjusted operating margin 5.9% (2016: 5.3%)
  - ROCE 27.7% (2016: 23.4%)
- Reduction in net debt to £75.7m (2016: £90.9m) with net debt cover ratio improving to 1.2x (2016: 1.7x)
- Payment to shareholders up 19.4% to 4.3 pence (2016: 3.6p)

Rik De Vos, Chief Executive Officer, commented:

"We are pleased to have delivered another year of improved financial performance in line with our strategy. Whilst revenues have been under pressure in a number of territories, strong margin management and cost control have delivered increased earnings.

We have successfully completed the first phase of our three-phase strategy of 'Repair, Prepare, Grow' to restore McBride to its core capability of manufacturing excellence. The 'Prepare' phase is on track and we have now finalised the growth strategy and associated capital expenditure plans to support the 'Grow' phase.

Trading in the first few months of the new financial year has been satisfactory and in line with the Board's expectations for the full year. We are maintaining our focus on cost and efficiency initiatives to mitigate the impact of any current pressures on revenue. We anticipate financial performance weighted towards the second half of the year as increases in revenues from our 'Grow' strategy begin to benefit the business."

McBride plc	
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[1] *Comparatives translated at 2017 exchange rates.*
[2] *Adjustments were made for the amortisation of intangible assets and exceptional items.*
[3] *Adjustments were made for the amortisation of intangible assets, exceptional items, non-cash financing costs from unwind of discount on initial recognition of contingent consideration; unwind of discount on provisions and any related tax.*
[4] *Adjusted operating profit as a percentage of average year-end net assets excluding net debt.*

Strategy Progress

The Group's 'Manufacturing Our Future' strategy remains on track with the conclusion of the 'Repair' phase during the past 12 months. The first of our three-phased approach of 'Repair', 'Prepare' and 'Grow' focused on transforming McBride to its core capability of manufacturing excellence. Following our customer simplification exercise and cost reduction initiatives, we have been able to re-establish industry-leading service levels to our customers, accelerate our innovation cycle and substantially improve on our quality performance. In June 2017, the successful re-financing of the Company marked the final key action of the 'Repair' phase and the completion of all of the transformation work that has been diligently implemented in the past eighteen months.

In February 2017, the Group launched the 'Prepare' phase of the strategy implementation focusing on actions to establish a platform for McBride's sustainable growth delivery.

The 'Prepare' phase is a period of bridging from where McBride was and to where the Group aspires to be – moving the Company from 'Repair' to 'Grow.' It comprises four key objectives that will give us the foundations to sustain our ambitions: first, building our fundamental commercial growth aspirations, secondly, the supporting asset base and related investment plans, thirdly, the organisational structure and skills to deliver this overall ambition, and finally, the resolution of our underperforming business. All of the projects supporting these four objectives have been launched and the business is busy with further change programmes.

Group operating results

Full year Group revenues of £705.2 million were £24.3 million (3.6%) higher than the revenues reported for the prior year, aided by the translation effect of a strong Euro. On a constant currency basis, sales were lower by £44.5 million (5.9%), with Household sales lower by 5.8% and Personal Care & Aerosols (PCA) lower by 6.3%.

This time last year, the Group reported it had completed the exercise to reduce the levels of complexity in our customer and product portfolio (our "customer choices" project), the impact of which would reduce revenues on an annualised basis by approximately £20.0 million. This initiative commenced in the second half year of the previous financial year such that in the 12 months to 30 June 2017, the project lowered revenues by £16 million, equating to approximately 2.1% of the year on year reduction in Group sales (at constant currency).

Excluding "customer choices", overall volumes were lower by a further 2.8% across the Group as some of our markets became increasingly competitive. The Group remained disciplined in its approach to margin management ensuring its sales mix provides a solid platform for future profitable growth. Price pressure remained a feature in the year with 0.7% of the year on year revenue decline a result of lower item prices.

Full year adjusted operating profit was £41.5 million (2016: £36.2m) with adjusted operating profit margin increasing to 5.9% (2016: 5.3%), showing good progress towards our 7.5% ambition. Based on full year adjusted operating profit return on capital employed ratio (ROCE) improved to 27.7% (2016: 23.4%) firmly within our 25% -30% ambition.

On a constant currency basis, adjusted operating profit improved by 0.2% or £0.1 million. When adjusting for the impact of various hedging activities underlying adjusted operating profit improved by £3.5m or 8.5%.

In the year to June 2017, raw material prices increased by approximately 2.2%. Of this, 1.2% was driven by foreign exchange and the impact of weaker sterling and a strong US dollar. The Group was favourably hedged for approximately 65% of the foreign exchange impact through the year. These cost increases, both pricing and currency, were more impactful in the second half year. Underlying raw material prices have steadied in recent months however the outlook is for some further increases, including the impact of weaker sterling.

Supply chain and overhead efficiency initiatives enabled by our 'Manufacturing our Future' strategy underpinned our financial results and more than offset the loss of margin from reduced revenues and raw material price. Our focus on delivering scale advantage through manufacturing and cost leadership delivered supply chain saving initiatives of £10.9 million while overhead saving initiatives, some of which were announced in previous years, delivered a further £9.8 million in the year.

The usual lower second half sales run rate combined with the raw material cost and currency impact mentioned above, led to a weaker second half profit performance when compared to our first six months of the year.

Full year operating profit increased by £6.9 million to £39.8 million (2016: £32.9m). This includes an exceptional charge of £1.0 million (2016: £2.4m) primarily due to the restructuring of our Poland factory (£0.9m) and additional charges in relation to our ongoing Italian factory legal case (£0.2m).

Cash management in the year was strong with cash generated from operations before exceptional items of £63.3 million (2016: £52.5m). Capital expenditure cash flow increased during the year to £17.7 million (2016: £12.8m) as our capital plans gain momentum and we continue with our expected £100 million capital expenditure objective over four years.

Exceptional items amounted to £14.0 million (2016: £2.4m), the cash impact of which was £13.2 million (2016: £4.2m) primarily reflecting the debt refinancing of the Group and the restructuring of our Poland factory. The £13.0 million relating to refinancing was matched by a £11.3 million inflow in working capital from settlement of associated forward derivatives.

Net cash flow before payments to shareholders was £27.8 million (2016: £19.7m). Cash payments made to shareholders during the year amounted to £6.6 million (2016: £5.8m). Consequently, year end net debt decreased to £75.7 million (2016: £90.9m) comprising a strong net cash flow of £21.2 million reduced by £6.0 million of translation impact as a result of the weaker Sterling exchange rates on Euro and USD denominated borrowings.

The Group's balance sheet remains robust with net assets of £64.2 million (2016: £69.1m). Gearing improved further to 50% (2016: 59%) and the debt cover ratio fell to 1.2x (2016: 1:7x).

Segmental performance

In line with prior year end reporting, we continue to separately manage the Group's Household and PCA activities, and our segmental reporting reflects this.

Corporate costs, which include the costs associated with the Board and the Executive Leadership Team, governance and listed company costs and certain central functions (mostly associated with financial disciplines such as treasury), are reported separately to Household and PCA.

Household

The Household activities are managed by four regional teams, ensuring key organisational responsibility within our management structure. Whilst revenues for the four regions are split, trading profits are only measured and reported at the total segment level.

Reported revenues increased by 3.9% to £555.7 million (2016: £535.0m) but at constant currency revenues were lower by 5.8%. Of this sales decrease, £11.5 million related to the in-year effect of our "customer choices" project and £16.9 million due to a reduction in underlying volumes. Additionally, £4.7 million of the decline year on year was due to customer pricing.

In the UK, revenue of £155.4 million compared to revenue of £164.9 million in 2016, a decline of 5.8%. Approximately £4.6 million of this lost revenue resulted from our "customer choices" project. Additional decreases were seen as a number of UK retailers delisted some secondary brands as they reduced their SKU ranges offered to consumers. This secondary brand delisting now better places the UK business to take advantage of the resulting higher profile of our private label range in stores.

The UK business imports materials used for manufacturing from the EU, for which the Group has been hedged at rates consistent with prior year averages in the first half year of the 2017 financial year. In the second half, the UK business, along with our competitors, faced imported inflation.

In the North region, overall sales were impacted by a very competitive market, particularly in France. Volume decline of 3.8% during the year was in part due to the "customer choices" project of 0.8%, in addition to price deflation of 1.8% driven by an increasingly competitive environment.

Our South region reported underlying flat sales at constant currency. Our Iberia business continues to show significant improvement with volumes up 2.6% on prior year following new business wins at the end of last financial year. Within Italy, revenue is down primarily driven by the impact from our "customer choices" project.

The East region, covering Germany, Poland and other East European countries, saw volumes down on prior year by 5.6%, of which 2.1% was due to "customer choices". Germany has seen an increasingly competitive environment and in Poland, sales were weaker as key retailers shifted their business models towards higher proportions of branded SKUs in store.

Headline profits in Household increased 17.8% (6.6% at constant currency). In spite of lower revenues, further positive progress on margins and costs resulted in trading profit margins in this segment rising from 8.0% to 9.1%.

Personal Care & Aerosols (PCA)

The PCA division comprises the Personal Care liquids, Skincare and Aerosols businesses of McBride's European operations and also the activities of McBride in Asia.

On a reported basis, revenues for this division grew by 2.5% to £149.5 million (2016: £145.9m). At constant currency, revenues were lower by 6.3% of which £4.5 million of this decrease related to the effect of our “customer choices” project in the year. Within this segment revenues were significantly higher in Asia, up 12.7% at constant currency. Our European businesses saw volumes lower by 7.9% overall at constant currency with the main markets for these products, UK and France, continuing to see private label volumes under pressure from branders and high levels of in-store promotional activity.

Overall reported profitability for this segment reduced by £3.4 million to a loss of £0.7 million (2016: profit £2.7m). At constant currency, profitability reduced by £4.1 million reflecting the volume challenges during the year within our European business and increasing price pressures on raw materials.

In Asia, the local teams have successfully turned a break-even operation to one that now makes underlying profit margins close to the Group average.

In its Half Year results on 22 February 2017, the Group said it had received a number of approaches from external parties expressing interest in acquiring the Group’s Aerosols business, which has production facilities in the UK and France. Following several months of discussions, negotiations regarding a potential sale of the business have been halted and at this time Aerosols is to be retained within the wider PCA business.

Group Refinancing Exercise

As previously announced, in June 2017, the Group secured replacement banking facilities from a panel of international banks and using these increased facilities repaid its US Private Placement Notes ("USPP"). These actions will lower the cost of the Group's debt financing from the financial year starting on 1 July 2017 by approximately £2.0 million per year.

The EUR 140 million multi-currency revolving credit facility (“RCF”) has been increased to a five year EUR 175 million facility with a maturity of June 2022.

Features of the replacement facilities include:

- a EUR 175 million RCF of which EUR 70 million is drawn at 30 June 2017, providing the Group with significant committed funding headroom;
- a 5 bps reduction in both margin and non-utilisation fees;
- the addition of further borrowing entities and currencies, increasing flexibility going forward; and
- a EUR 75 million uncommitted accordion feature will provide additional facilities for potential future acquisitions in support of the Grow phase of our strategy.

The $50 million 5.51% 2020 USPP and $40 million 5.38% 2022 USPP were repaid in full by drawing on the increased RCF. Under the terms of the USPP arrangements, the Group paid a 'make-whole' payment to existing USPP note-holders of £9.5 million. At the same time the Group terminated the Euro/Dollar cross-currency interest rate swaps relating to the existing USPP notes which had a mark-to-market on close of £11.3 million in favour of the Group.

The Group's overall ongoing average cost of debt, after the repayment of the USPP, has reduced by approximately 310bps to 150bps. The total exceptional finance charge associated with this transaction were £13.0 million.

Other financial information

Exceptional items

Exceptional items of £14.0 million were recorded during the year (2016: £2.4m). The charge was made up primarily of the following items:

- Exceptional finance charges of £13.0 million incurred as part of the refinancing of the Group;
- During the year the Group's Italian business lost a long-running legal case surrounding costs of reparation to a property vacated by the Group in 2011 for which an additional £0.2 million of costs has been accrued; and
- The business reorganised its Poland site with significant investment and upgrades to focus on Household activities. The non-capital costs of this now completed project in the year were £0.9 million.

Net finance costs

Net finance costs in the year were £20.6 million (2016: £7.1m) with the increase mainly due to exceptional costs incurred (£13.0m) as part of the debt refinancing of the Group. Underlying costs were £7.6 million, the rise due to the effect of weak sterling on Euro denominated interest costs.

Profit before tax and tax rate

Reported profit before taxation was £19.2 million (2016: £25.8m) with adjusted profit before taxation totalling £34.6 million (2016: £29.4m). The tax charge on adjusted profit before taxation for the year of £10.7 million (2016: £9.2m) represents a 31% (2016: 31%) effective tax rate.

Earnings per share

On an adjusted basis, diluted earnings per share (EPS) increased by 18.0% to 13.1 pence (2016: 11.1p) with basic EPS at 4.9 pence (2016: 9.3p).

Payments to shareholders

In line with the policy on payments to shareholders implemented in September 2015, the Group expects to distribute adjusted earnings to shareholders based on a dividend cover range of 2x-3x, progressive with earnings of the Group, taking into account funding availability.

Following the interim payment of 1.4 pence declared in February 2017, the Board recommends a final payment of 2.9 pence (2016: 2.4p) to shareholders and it is intended this will be issued using the Company's B Share scheme.

Covenants

The Group's funding arrangements are subject to covenants, representations and warranties that are customary for unsecured borrowing facilities, including two financial covenants: Debt Cover (the ratio of net debt to EBITDA) may not exceed 3:1 and Interest Cover (the ratio of EBITDA to net interest) may not be less than 4:1. For the purpose of these calculations, net debt excludes amounts drawn under the invoice discounting facilities. The Group remains comfortably within these covenants.

These covenants remain unchanged under the new banking facilities completed in June 2017.

Pensions

During the year the Group commissioned a review of the IAS19 assumptions used in determining the closing liability of the Robert McBride Pension Fund ("the Fund"), specifically focusing on demographic assumptions. A medically underwritten mortality study was carried to identify the current health of a sample group of Fund members, assessed via a written health questionnaire and a telephone interview with trained medical staff. This study was targeted towards members with the most significant liabilities in the Fund.

The output was interpreted by underwriters and then analysed alongside the results from the postcode analysis used in the prior year. This was translated into mortality assumptions for use in calculating the IAS19 scheme liabilities.

The study reduced assumptions concerning average life expectancies of Fund Members and as such an actuarial gain of £3.1 million is recorded in the movement of defined benefit obligations for the year. Overall the pension deficit for the UK scheme increased in the year to £40.0 million from £31.1 million at the end of the previous year primarily due to the effects of increases in the future inflation assumptions and a decrease in the discount rate.

The Group also has other unfunded post-employment benefit obligations outside the UK that amounted to £2.2 million (2016: £1.8m).

Acquisition of Danlind a/s

On 4 September 2017, the Group announced the proposed acquisition of the entire share capital of Danlind a/s, a supplier of auto dish-wash and laundry products, based in Denmark. Danlind provides McBride with access to accelerated growth in the key strategic category of auto dish-wash tablets, through its well invested capacity, technology platform and high quality product range. Danlind has a significant range of retail and contract customers along with a well-established position in the Nordic region and in the commercial laundry and dish-wash markets. Danlind will enable McBride to gain entry into growth segments where it is currently under represented. Additionally, Danlind's strong position in Ecolabel products can be developed further through McBride's extensive European reach.

Danlind operates from three manufacturing sites in Denmark, and has approximately 250 employees. For the year ended 31 December 2016, Danlind reported revenues of £58.4 million, EBITDA of £1.6 million, a loss before tax of £1.3 million, and had gross assets of £48.0 million as at 31 December 2016. For its financial year ending 31 December 2017, on a standalone basis, Danlind is currently expected to generate c. £2.5 million of EBITDA.

McBride expects to realise significant commercial, technical and operational improvement synergies from the acquisition. The acquisition is expected to be immediately earnings enhancing for the Group. Post-tax return on invested capital is expected to meet cost of capital in the third full year of ownership.

Consideration of £10.8 million will be payable to the shareholder of Danlind, Lind Holdings ApS, and c. £28 million of net debt in Danlind will be assumed by McBride at completion. The acquisition will be funded from McBride's existing banking facilities.

The acquisition, which is subject to customary regulatory and closing conditions, is expected to complete in early October 2017.

On completion, Danlind, the management team and its employees will form part of the Household products segment.

Current trading and outlook

Trading in the first few months of the new financial year has been satisfactory and in line with the Board's expectations for the full year. We are maintaining our focus on cost and efficiency initiatives to mitigate the impact of any current pressures on revenue. We anticipate financial performance weighted towards the second half of the year as increases in revenues from our 'Grow' strategy begin to benefit the business.

Principal risks and uncertainties

The Group is subject to risk factors both internal and external to its business, and has a well established set of risk management procedures. The following risks and uncertainties are those that the directors believe could have the most significant impact on the Group's business:

- Consumer and customer trends;
- Market competitiveness;
- Change agenda;
- Input costs;
- Legislation;
- Financial risks; and
- Breach of IT security.

Cautionary statement

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised.

The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Company undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Consolidated income statement
For the year ended 30 June 2017

	Note	2017 Adjusted £m	2017 Adjusting items (see note 6) £m	2017 Total £m	2016 Adjusted £m	2016 Adjusting items (see note 6) £m	2016 Total £m
Revenue	3	**705.2**	**–**	**705.2**	680.9	–	680.9
Cost of sales		**(452.4)**	**–**	**(452.4)**	(437.1)	–	(437.1)
Gross profit		**252.8**	**–**	**252.8**	243.8	–	243.8
Distribution costs		**(46.2)**	**–**	**(46.2)**	(46.5)	–	(46.5)
Administrative costs		**(165.1)**	**(1.7)**	**(166.8)**	(161.1)	(3.3)	(164.4)
Operating profit	3	**41.5**	**(1.7)**	**39.8**	36.2	(3.3)	32.9
Finance costs		**(6.9)**	**(13.7)**	**(20.6)**	(6.8)	(0.3)	(7.1)
Profit before taxation		**34.6**	**(15.4)**	**19.2**	29.4	(3.6)	25.8
Taxation	5	**(10.7)**	**0.4**	**(10.3)**	(9.2)	0.4	(8.8)
Profit/(loss) for the year attributable to the owners of the Parent		**23.9**	**(15.0)**	**8.9**	20.2	(3.2)	17.0
Earnings per ordinary share	6						
Basic				**4.9p**			9.3p
Diluted				**4.9p**			9.3p

	Note	2017	2016
Operating profit		**39.8**	**32.9**
Adjusted for:			
Amortisation of intangible assets		**0.7**	**0.9**
Exceptional items	4	**1.0**	**2.4**
Adjusted operating profit	3	**41.5**	**36.2**

Consolidated statement of comprehensive income

For the year ended 30 June 2017

	2017 £m	2016 £m
Profit for the year attributable to owners of the Parent	**8.9**	17.0
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Currency translation differences on foreign subsidiaries	**7.4**	12.0
Loss on net investment hedges	**(7.8)**	(10.4)
Gain on discontinued cash flow hedges recycled to exceptional items	**1.8**	-
Gain on cash flow hedges in the year	**3.4**	12.4
Loss on cash flow hedges transferred to profit or loss	**(4.7)**	(10.3)
Taxation relating to items above	**2.5**	(0.6)
	2.6	3.1
Items that will not be reclassified to profit or loss:		
Net actuarial loss on post-employment benefits	**(11.0)**	(2.6)
Taxation relating to items above	**1.4**	(0.4)
	(9.6)	(3.0)
Total other comprehensive income/(expense)	**(7.0)**	0.1
Total comprehensive income	**1.9**	17.1

Consolidated balance sheet
As at 30 June 2017

	Note	2017 £m	2016 £m
Non-current assets			
Goodwill		**17.5**	17.5
Other intangible assets		**4.2**	2.5
Property, plant and equipment		**140.9**	136.2
Derivative financial instruments		**0.1**	12.7
Deferred tax assets		**12.0**	9.3
Other non-current assets		**0.6**	0.5
		175.3	178.7
Current assets			
Inventories		**78.8**	75.7
Trade and other receivables		**137.6**	135.7
Derivative financial instruments		**0.9**	2.6
Cash and cash equivalents		**26.0**	24.8
Assets classified as held for sale		**1.3**	1.2
		244.6	240.0
Total assets		**419.9**	418.7
Current liabilities			
Trade and other payables		**193.7**	181.7
Borrowings		**39.3**	30.3
Derivative financial instruments		**0.7**	1.2
Current tax liabilities		**5.8**	2.9
Provisions	9	**1.8**	3.5
		241.3	219.6
Non-current liabilities			
Trade and other payables		**-**	2.3
Borrowings		**62.4**	85.4
Derivative financial instruments		**0.1**	-
Pensions and other post-employment benefits	8	**42.2**	32.9
Provisions	9	**2.9**	2.9
Deferred tax liabilities		**6.8**	6.5
		114.4	130.0
Total liabilities		**355.7**	349.6
Net assets		**64.2**	69.1
Equity			
Issued share capital		**18.3**	18.3
Share premium account		**89.8**	96.7
Other reserves		**53.6**	44.4
Accumulated loss		**(98.1)**	(90.9)
Equity attributable to owners of the Parent		**63.6**	68.5
Non-controlling interests		**0.6**	0.6
Total equity		**64.2**	69.1

Consolidated cash flow statement
For the year ended 30 June 2017

	Note	**2017 £m**	2016 £m
Operating activities			
Profit before tax		**19.2**	25.8
Net finance costs		**20.6**	7.1
Exceptional items	4	**1.0**	2.4
Share based payments charge		**2.3**	1.8
Depreciation of property, plant and equipment		**19.4**	18.2
Amortisation of intangible assets		**0.7**	0.9
Operating cash flow before changes in working capital		**63.2**	56.2
Decrease in receivables		**4.9**	11.0
Decrease/(increase) in inventories		**0.5**	(1.5)
Decrease in payables		**(2.3)**	(10.1)
Operating cash flow after changes in working capital		**66.3**	55.6
Additional cash funding of pension schemes		**(3.0)**	(3.1)
Cash generated from operations before exceptional items		**63.3**	52.5
Cash outflow in respect of exceptional items		**(13.2)**	(4.2)
Cash generated from operations		**50.1**	48.3
Interest paid		**(6.4)**	(5.2)
Taxation paid		**(6.4)**	(8.2)
Net cash generated from operating activities		**37.3**	34.9
Investing activities			
Proceeds from sale of non-current assets		**0.1**	0.1
Purchase of property, plant and equipment		**(15.2)**	(11.5)
Purchase of intangible assets		**(2.5)**	(1.3)
Settlement of derivatives used in net investment hedges		**8.3**	(2.5)
Net cash used in investing activities		**(9.3)**	(15.2)
Financing activities			
Redemption of B Shares		**(6.6)**	(5.8)
Purchase of Own Shares		**(0.2)**	-
Drawdown of borrowings		**137.2**	131.2
Repayment of borrowings		**(158.0)**	(145.3)
Capital element of finance lease rentals		**(0.2)**	(0.1)
Net cash used in financing activities		**(27.8)**	(20.0)
Increase/(decrease) in net cash and cash equivalents		**0.2**	(0.3)
Net cash and cash equivalents at the start of the year		**24.8**	23.3
Currency translation differences		**1.0**	1.8
Net cash and cash equivalents at the end of the year		**26.0**	24.8

Reconciliation of net cash flow to movement in net debt

For the year ended 30 June 2017

	2017 £m	2016 £m
Increase/(decrease) in net cash and cash equivalents	**0.2**	(0.3)
Net repayment of bank loans and overdrafts	**20.8**	14.1
Capital element of finance lease rentals	**0.2**	0.1
Change in net debt resulting from cash flows	**21.2**	13.9
Currency translation differences	**(6.0)**	(12.4)
Movement in net debt in the year	**15.2**	1.5
Net debt at the beginning of the year	**(90.9)**	(92.4)
Net debt at the end of the year	**(75.7)**	(90.9)

Consolidated statement of changes in equity

For the year ended 30 June 2017

			Other reserves						
	Issued share capital £m	Share premium account £m	Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m	Accumulated loss £m	Equity attributable to owners of the Parent £m	Non-controlling interests £m	Total equity £m
At 30 June 2015	18.3	102.4	(2.0)	(4.6)	42.1	(99.3)	56.9	0.6	57.5
Year ended 30 June 2016									
Profit for the year	-	-	-	-	-	17.0	17.0	-	17.0
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries		-	-	12.0	-	-	12.0	-	12.0
Loss on net investment hedges	-	-	-	(10.4)	-	-	(10.4)	-	(10.4)
Gain on cash flow hedges in the year	-	-	12.4	-	-	-	12.4	-	12.4
Loss on cash flow hedges transferred to profit or loss	-	-	(10.3)	-	-	-	(10.3)	-	(10.3)
Taxation relating to items above	-	-	(0.6)	-	-	-	(0.6)	-	(0.6)
	-	-	1.5	1.6	-	-	3.1	-	3.1
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits				-	-	(2.6)	(2.6)	-	(2.6)
Taxation relating to item above	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)
	-	-	-	-	-	(3.0)	(3.0)	-	(3.0)
Total other comprehensive income	-	-	1.5	1.6	-	(3.0)	0.1	-	0.1
Total comprehensive income	-	-	1.5	1.6	-	14.0	17.1	-	17.1
Transactions with owners of the Parent									
Issue of B shares	-	(5.7)	-	-	-	-	(5.7)	-	(5.7)
Redemption of B shares	-	-	-	-	5.8	(5.8)	-	-	-
Share-based payments	-	-	-	-	-	0.2	0.2	-	0.2
At 30 June 2016	**18.3**	**96.7**	**(0.5)**	**(3.0)**	**47.9**	**(90.9)**	**68.5**	**0.6**	**69.1**
Year ended 30 June 2017									
Profit for the year	-	-	-	-	-	**8.9**	**8.9**	**-**	**8.9**
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries		**-**	**-**	**7.4**	**-**	**-**	**7.4**	**-**	**7.4**
Loss on net investment hedges		**-**	**-**	**(7.8)**	**-**	**-**	**(7.8)**	**-**	**(7.8)**
Gain on discontinued cash flow hedges recycled to exceptional items	**-**	**-**	**1.8**	**-**	**-**	**-**	**1.8**	**-**	**1.8**
Gain on cash flow hedges in the year	**-**	**-**	**3.4**	**-**	**-**	**-**	**3.4**	**-**	**3.4**
Loss on cash flow hedges transferred to profit or loss	**-**	**-**	**(4.7)**	**-**	**-**	**-**	**(4.7)**	**-**	**(4.7)**
Taxation relating to items above	**-**	**-**	**0.4**	**2.1**	**-**	**-**	**2.5**	**-**	**2.5**
	-	-	**0.9**	**1.7**	**-**	**-**	**2.6**	**-**	**2.6**
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits				-	-	**(11.0)**	**(11.0)**	**-**	**(11.0)**
Taxation relating to item above	**-**	**-**	**-**	**-**	**-**	**1.4**	**1.4**	**-**	**1.4**
	-	**-**	**-**	**-**	**-**	**(9.6)**	**(9.6)**	**-**	**(9.6)**
Total other comprehensive expense	**-**	**-**	**0.9**	**1.7**	**-**	**(9.6)**	**(7.0)**	**-**	**(7.0)**
Total comprehensive income	**-**	**-**	**0.9**	**1.7**	**-**	**(0.7)**	**1.9**	**-**	**1.9**
Transactions with owners of the Parent									
Issue of B shares	**-**	**(6.9)**	**-**	**-**	**-**	**-**	**(6.9)**	**-**	**(6.9)**
Redemption of B shares	**-**	**-**	**-**	**-**	**6.6**	**(6.6)**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.3**	**-**	**0.3**
Purchase of Own shares	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
At 30 June 2017	**18.3**	**89.8**	**0.4**	**(1.3)**	**54.5**	**(98.1)**	**63.6**	**0.6**	**64.2**

Notes to the consolidated financial information
For the year ended 30 June 2017

1. Basis of preparation

The financial information is derived from the Group's consolidated financial statements for the year ended 30 June 2017, which have been prepared on the going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, IFRS Interpretations Committee and those parts of the Companies Act 2006 ('the Act') applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of contingent consideration, financial assets and liabilities (derivative financial instruments) at fair value through profit or loss and assets held for sale.

The consolidated financial statements were approved by the Directors on 7 September 2017.

The financial information does not constitute statutory accounts within the meaning section 435 of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of IFRS.

The Company's auditors, PricewaterhouseCoopers LLP, have given an unqualified report on the consolidated financial statements for the year ended 30 June 2017, which did not include reference to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 498 of the Companies Act 2006.

Subject to approval by the Company's shareholders, the consolidated financial statements will be filed with the Registrar of Companies following the Company's Annual General Meeting on 24 October 2017.

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2016, except for:

• Defined Benefit Plans: Employee Contributions (Amendments to IAS 19); and
• Annual Improvements Projects 2012.

All of the above changes to accounting policies had no financial effect on the consolidated financial statements for the year ended 30 June 2017.

Adjusted results
The Group believes that adjusted operating profit, adjusted profit before taxation and adjusted earnings per share provide additional useful information to shareholders on the underlying performance achieved by the Group. These measures are used for internal performance analysis and short and long-term incentive arrangements for employees. Adjusting items include amortisation of intangible assets, exceptional items, any non-cash financing costs from unwind of discount on initial recognition of contingent consideration, unwind of discount on provisions and any related tax.

Accounting standards issued but not yet adopted
The Group is currently assessing the impact of the following new standards and interpretations that are not yet effective and will provide a further assessment of the potential impact in future years.

• IFRS 9 – 'Financial Instruments' (effective 1 January 2018, EU endorsed 22 November 2016);
• IFRS 15 – 'Revenue from Contracts with Customers' (effective 1 January 2018, EU endorsed 22 September 2016); and
• IFRS 16 – 'Leases' (effective 1 January 2019, not yet endorsed by EU).

The standards and interpretations addressed above will be applied for the purpose of the Group financial statements from the date they become effective.

3. Segment information

Background

Financial information is presented to the Board by product category for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. It is considered that Household Products have different market characteristics to Personal Care & Aerosols in terms of volumes, market share and production requirements. Accordingly, the Group's operating segments are determined by product category.

The Board uses adjusted operating profit to measure the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses. During the years under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangibles assets and exceptional items.

Analysis by reportable segment

2017	Household								
	UK	*North*(1)	*South*(2)	*East*(3)	**Total Household**	**Personal Care & Aerosols (4)**	**Total Segments**	*Corporate (5)*	**Total Group**
	£m	*£m*	*£m*	*£m*	**£m**	**£m**	**£m**	*£m*	**£m**
Segment revenue	*155.4*	*192.8*	*76.4*	*131.1*	**555.7**	**149.5**	**705.2**	-	**705.2**
Adjusted operating profit/(loss)					**50.3**	**(0.7)**	**49.6**	*(8.1)*	**41.5**
Amortisation of intangible assets									**(0.7)**
Exceptional items (see note 4)									**(1.0)**
Operating profit									**39.8**
Net finance costs									**(20.6)**
Profit before taxation									**19.2**
Inventories					**59.0**	**19.8**	**78.8**	-	**78.8**
Capital expenditure					**18.9**	**1.7**	**20.6**	-	**20.6**
Amortisation and depreciation					**16.8**	**3.3**	**20.1**	-	**20.1**

2016	Household								
	UK	*North*(1)	*South*(2)	*East*(3)	**Total Household**	**Personal Care & Aerosols (4)**	**Total Segments**	*Corporate (5)*	**Total Group**
	£m	*£m*	*£m*	*£m*	**£m**	**£m**	**£m**	*£m*	**£m**
Segment revenue	*164.9*	*179.0*	*69.2*	*121.9*	**535.0**	**145.9**	**680.9**	-	**680.9**
Adjusted operating profit/(loss)					**42.7**	**2.7**	**45.4**	*(9.2)*	**36.2**
Amortisation of intangible assets									**(0.9)**
Exceptional items (see note 4)									**(2.4)**
Operating profit									**32.9**
Net finance costs									**(7.1)**
Profit before taxation									**25.8**
Inventories					**56.9**	**18.8**	**75.7**	-	**75.7**
Capital expenditure					**10.6**	**2.2**	**12.8**	-	**12.8**
Amortisation and depreciation					**16.0**	**3.1**	**19.1**	-	**19.1**

(1) France, Belgium, Holland and Scandinavia

(2) Italy and Spain

(3) Germany, Poland, Luxembourg and other Eastern Europe

(4) Includes Asia

(5) Corporate represents costs related to the Board, the Executive Leadership team and key supporting functions.

4. Exceptional items

Analysis of exceptional items

	2017 £m	2016 £m
Reorganisation and restructuring costs:		
– Supply chain restructuring	**0.9**	-
– 2015/16 reorganisation projects	**(0.1)**	(1.0)
– Customer choices	**-**	2.2
– Legal case	**0.2**	1.2
	1.0	2.4
Write back of long-lived assets and inventory:		
– Brno, Czech Republic	**-**	(1.7)
	-	(1.7)
Change in contingent consideration	**-**	1.7
Total charged to operating profit	**1.0**	2.4
Group refinancing:		
– Group refinancing	**13.0**	-
Total charged to finance costs	**13.0**	-
Total charged to consolidated income statement	**14.0**	2.4

During the year the Group reorganised its Poland site with significant investment and upgrades to focus on Household activities. The costs of this in the year were £0.9 million.

Exceptional finance charges of £13.0 million incurred as part of the refinancing of the Group.

Exceptional provisions were made in the prior financial years with regard to the UK restructuring project and the creation of a functional structure with centralised support services. Work is now complete on both projects resulting in the release of unused provision of £0.2 million and £0.1 million charge respectively.

In late June 2016, the Group's Italian business lost a long-running legal case surrounding costs of reparation to a property vacated by the Group in 2011. The Group is currently following an appeal and an additional £0.2 million of costs has been charged in relation to this matter.

In the prior year, the following costs were charged:

- £2.2 million of costs in relation to the rationalisation of our customer base down to 25% of our previous customer portfolio;
- £1.2 million for the settlement of a legal case surrounding costs of reparation to a property vacated by the Group in 2011;
- Release of £0.3 million and £0.7 million of unused provisions relating the UK restructuring project and the creation of a functional structure with centralised support services; and
- £1.7 million increase to contingent consideration in relation to a prior year acquisition. This charge was materially offset by a reversal of the impairment charges previously made in relation to the acquisition.

5. Taxation

Income tax expense

	2017			2016		
	UK £m	**Overseas £m**	**Total £m**	UK £m	Overseas £m	Total £m
Current tax expense:						
Current year	**1.2**	**7.0**	**8.2**	–	7.9	7.9
Adjustment for prior years	**–**	**0.8**	**0.8**	–	(0.7)	(0.7)
	1.2	**7.8**	**9.0**	–	7.2	7.2
Deferred tax expense:						
Origination and reversal of temporary differences	**1.0**	**0.4**	**1.4**	1.1	0.2	1.3
Adjustment for prior years	**(0.2)**	**0.1**	**(0.1)**	(0.1)	0.6	0.5
Impact of change in tax rate	**-**	**-**	**-**	(0.2)	-	(0.2)
	0.8	**0.5**	**1.3**	0.8	0.8	1.6
Total tax expense	**2.0**	**8.3**	**10.3**	0.8	8.0	8.8

6. Earnings per share

Basic earnings per ordinary share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of the Company's ordinary shares in issue during the financial year. The weighted average number of the Company's ordinary shares in issue excludes 0.7 million shares (2016: 0.6m shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

	Reference	2017	2016
Weighted average number of ordinary shares in issue (million)	a	**182.1**	182.2
Effect of dilutive LTIP awards (million)		**0.8**	0.4
Weighted average number of ordinary shares for calculating diluted earnings per share (million)	b	**182.9**	182.6

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming the conversion of all potentially dilutive ordinary shares.

During the year, the Company had equity-settled LTIP awards with a nil exercise price that are potentially dilutive ordinary shares.

Adjusted earnings per share measures are calculated based on profit for the year attributable to owners of the Company before adjusting items as follows:

	Reference	2017 £m	2016 £m
Earnings for calculating basic and diluted earnings per share	c	**8.9**	17.0
Adjusted for:			
Amortisation of intangible assets		**0.7**	0.9
Exceptional items (see note 4)		**14.0**	2.4
Unwind of discount on contingent consideration		**0.3**	0.1
Unwind of discount on provisions (see note 9)		**0.4**	0.2
Taxation relating to the above items		**(0.4)**	(0.4)
Earnings for calculating adjusted earnings per share	d	**23.9**	20.2

		2017 pence	2016 pence
Basic earnings per share	c/a	**4.9**	9.3
Diluted earnings per share	c/b	**4.9**	9.3
Adjusted basic earnings per share	d/a	**13.1**	11.1
Adjusted diluted earnings per share	d/b	**13.1**	11.1

7. Payments to shareholders

Payments to ordinary shareholders are made by way of the issue of B Shares in place of income distributions. Ordinary shareholders are able to redeem any number of the B Shares issued to them for cash. Any B Shares that they retain attract a dividend of 75 per cent of LIBOR on the 0.1 pence nominal value of each share, paid on a twice-yearly basis.

Payments to ordinary shareholders made or proposed in respect of the year were as follows:

	2017		2016	
	Pence per share	**£m**	Pence per share	£m
Interim	**1.4**	**2.6**	1.2	2.2
Final	**2.9**	**5.3**	2.4	4.4
Total for the year	**4.3**	**7.9**	3.6	6.6

The proposed final payment in respect of 2017 of 2.9 pence per ordinary share is subject to approval by shareholders at the Company's AGM and has therefore not been recognised in this financial information.

8. Pensions and post-employment benefits

The Group operates a number of post-employment benefit arrangements. In the UK, the Group operates a defined benefit pension scheme and defined contribution pension schemes.

During the year the Group commissioned a review of the IAS19 assumptions used in determining the closing liability of the Robert McBride Pension Fund ("the Fund"), specifically focusing on demographic assumptions. A medically underwritten mortality study was carried to identify the current health of a sample group of Fund members, assessed via a written health questionnaire and a telephone interview with trained medical staff. This study was targeted towards members with the most significant liabilities in the Fund.

The output was interpreted by underwriters and then analysed alongside the results from the postcode analysis used in the prior year. This was translated into mortality assumptions for use in calculating the IAS19 scheme liabilities.

The study reduced assumptions concerning average life expectancies of Fund Members and as such an actuarial gain of £3.1 million is recorded in the movement of defined benefit obligations for the year. Overall the pension deficit for the UK scheme increased in the year to £40.0 million from £31.1 million at the end of the previous year primarily due to the effects of increases in the future inflation assumptions and a decrease in the discount rate.

9. Provisions

	Reorganisation and restructuring £m	Leasehold dilapidations £m	Environmental remediation £m	Other £m	Total £m
At 30 June 2016	3.4	0.7	2.3	-	6.4
Charged to profit or loss	1.0	0.1	-	0.3	1.4
Unwind of discount	-	-	0.4	-	0.4
Utilisation	(3.8)	-	-	-	(3.8)
Currency translation differences	0.1	-	0.2	-	0.3
At 30 June 2017	**0.7**	**0.8**	**2.9**	**0.3**	**4.7**

Analysis of provisions:

	2017 £m	2016 £m
Current	**1.8**	3.5
Non-Current	**2.9**	2.9
Total	**4.7**	6.4

Reorganisation and restructuring provisions as at 30 June 2017 principally comprise of redundancies in relation to the Group reorganisation and UK restructuring.

Environmental remediation provision relates to historical environmental contamination at a site in Belgium.

10. Exchange rates

	Average rate		Closing rate	
	2017	2016	**2017**	2016
Euro	**1.16**	1.34	**1.14**	1.21
US Dollar	**1.27**	1.48	**1.30**	1.34
Polish Zloty	**5.02**	5.74	**4.81**	5.37
Czech Koruna	**31.30**	36.19	**29.79**	32.83
Hungarian Forint	**360.45**	418.05	**351.37**	383.62
Malaysian Ringgit	**5.43**	6.14	**5.57**	5.36
Australian Dollar	**1.68**	2.04	**1.69**	1.81
Chinese Yuan	**8.64**	9.55	**8.80**	8.92

11. Date of payments to shareholders

Subject to shareholder approval at the Annual General Meeting, payment to shareholders by means of the allotment of B Shares will be made on 1 December 2017 to ordinary shareholders on the register on 27 October 2017.

Note: This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation which came into effect on 3 July 2016.

-Ends-